

October 10, 2013

California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236
Attn: Keith Wallace

Subject: REQUEST FOR CLARIFICATION OF THE BASIS FOR DECLARING THE
RECYCLED WATER EXPANSION AND GOLF COURSE RETROFIT PROJECT (PROJECT
3) INELIGIBLE FOR FUNDING THROUGH PROP 84 ROUND 2 IRWM
IMPLEMENTATION GRANT FUNDING

Dear Mr. Wallace:

Thank you for the opportunity to comment on the DWR evaluation that declared the Recycled Water Expansion and Golf Course Retrofit Project - part of the Proposition 84 Round 2 Implementation grant application submitted by the Santa Barbara County IRWM Region - ineligible for funding. We are requesting that DWR provide the Region and the Laguna County Sanitation District (project sponsor) with the legal opinion that formed the basis for the declaration of ineligibility. We would also like the opportunity to discuss this matter on a conference call with DWR as this project is of vital importance to the Region and to water quality control efforts by the Laguna County Sanitation District. In addition, this type of project could come up again during our regional project selection process and therefore, we would like to be clear on this issue.

In early March, I contacted you requesting clarification on the eligibility of this project pointing out that the grant money for this project would go to extend and retrofit a distribution pipeline and build a pump station and holding pond at a privately owned golf course. I believe you have the details of the project and the email string of our correspondence so will not elaborate on the project details or benefits.

When we were discussing this issue, you stated that historically, legal counsel has taken the position that grant funds cannot be used for private improvements and that before agreeing to change that position, your department would like to consult with other State offices. We never were informed of the status of that consultation or the DWR decision to declare the project ineligible.

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Believing that there was precedent for funding Prop 84 projects that had important regional benefits that also benefited private interests, we proceeded to include the project in our application. Needless to say, including the project in the regional application was a costly and time-consuming effort for the project sponsor and the Region.

The basis for the Region's belief that there was precedent for funding the Recycled Water Expansion and Golf Course Retrofit Project lay in the knowledge that several projects benefiting private interests had already received Prop 84 funding. Specifically, those projects included:

- Salinas Valley Irrigation and Nutrient Management Program that received funding through a Prop 84 Agricultural Water Quality Grant agreement between the SWRCB and the Coastal Conservation and Research, Inc.. This project provided assistance to growers (private entities) to implement pollution prevention and reduction strategies for irrigation and nutrient management in the Salinas Valley.
- Prop 84 Round 1 Implementation grant funding to the San Diego IRWM Region that included a recycled water retrofit program that ultimately gave reimbursements (through a water agency) to private properties.

In summary, we look forward to discussing this issue with DWR and to receiving the legal opinion (and any other DWR reasoning) that formed the basis for the declaration of ineligibility.

Thank you for your consideration of our request.

Sincerely,



Kathy Caldwell
Sr. Project Manager

cc: Martin Wilder, Laguna County Sanitation District
Bret Stewart, Santa Barbara County Public Works
Matt Naftaly, Santa Barbara County Water Agency
Anne Coates, Cachuma Resource and Conservation District